

17 November 1958

MEMORANDUM FOR: Deputy Director of Central Intelligence

SUBJECT: An Examination of Possible Budgetary
Reduction in the NIS Program

1. I was informed on 7 November 1958 by the Acting Deputy Director for Intelligence that you wanted me to examine the areas of possible budgetary reductions in the NIS program. In a sense, the NIS has already been reduced, modified, and streamlined by more than ten years of extensive examination and scrutiny by this Agency, the Bureau of the Budget, and the interdepartmental NIS Committee to permit of further reductions without seriously affecting its fundamental mission: To ensure the production of basic intelligence on all foreign countries and areas required by the Government in the interest of national security.

2. Reductions made or in process.

The NIS Committee is not unmindful that the budgetary limitations set for the program are already severe in terms of the mission to be accomplished, including an invaluable investment of more than 4,000 NIS Sections requiring a progressively increasing maintenance effort. The Committee has therefore cut back from time to time in the total requirements in order that the fundamental requirements may be better realized. Since the beginning of the program, total annual production requirements have been reduced 33%, and all work has been stopped on the following NIS units:

- a) Supplement II (Air Facilities)
- b) Supplement III (Telecommunications)
- c) Supplement IV (Urban Areas)

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The chairman presently has under study a proposal to cease further production on Supplement V (Petroleum). In addition, Chapter VII (Scientific) production has been reduced from world coverage at the rate of 8 areas per year to 24 selected areas of coverage at the rate of 3 areas per year. Chapter IX (Map and Chart Appraisal) has been reduced from 5 to 3 sections and requirements correspondingly simplified.

3. Possible areas of further reduction.

Further reductions in the budgetary support of the NIS program cannot be made without affecting to some degree the presently existing mission, directives, and interdepartmental agreements. If such reductions were found necessary, they would involve one or more of the following methods.

Method I. Reduction in the annual production rate without changing NIS coverage or requirements. The original NIS production rate, as recommended by the IAC and approved by the NSC, was set at 12 equivalent NIS per year; i.e., completion of NIS on 12 areas, or their equivalent in numbers of sections. After several years experience, it became evident that this rate was beyond existing capabilities of the Defense Agencies. The JCS was therefore requested by the DCI to examine the problem, taking into account the strategic requirement and the practical limits of Defense capabilities. The eight equivalent NIS annual rate (approximately 500 sections per year) was the figure arrived at. Subsequent experience has confirmed this rate to be a reasonable level for balanced production.

This annual goal has been substantially met for the past six years, and has resulted in the attainment of nearly 75% world coverage. To protect this capital investment by ensuring its continuing validity and usefulness requires a level of maintenance production that cannot be realized short of the present JCS production rate. Even if the total NIS

production effort were to be directed to maintaining the presently published NIS, it would take an average of 8 years to complete the maintenance cycle.

Method II. Reduction in NIS areal coverage.

The JCS periodically provides the NIS Committee with revised world-wide NIS Priority Lists broken down into three categories: NIS Areas of high priority, NIS Areas of moderate priority, and NIS Areas of low priority. These priorities serve as general guidelines to the NIS Committee and its contributing agencies in terms of emphasis to be accorded NIS world-wide production. Because the intelligence agencies are generally organized into regional staffs, which support departmental intelligence requirements in addition to the NIS work, it has been possible to produce NIS on lesser priority areas concurrently with NIS on higher priority areas. If reduction in NIS areal coverage were to be made, it would be logical to cut back NIS production on the JCS Low Priority Areas. Two factors argue against the wisdom of such a move. First, the JCS priorities are constantly changing with the impact of mounting crises throughout the world. Much of Africa and Southeast Asia were in the Low Priority category of the earlier JCS lists. Both have since moved into either the Moderate or High Priority category. Second, the departmental regional staffs concerned with so-called Low Priority Areas would eventually need to fill the gaps left by NIS stoppage, since the departments themselves formulated the NIS requirements as fundamental to their departmental missions.

Method III. Reduction of NIS intelligence requirements.

The NIS program does not of itself create new requirements, but incorporates in one package the separate and combined requirements of the several intelligence agencies. In lieu of the NIS, these requirements would be or should be done by the agencies themselves. The logic of such a single coordinated program stems from a) the elimination of unnecessary duplication of effort, if left to the individual agencies; b) the refinement of intelligence requirements to meet both national and departmental objectives; and c) the consistent, planned development of comprehensive basic intelligence on all foreign areas in the interest of national security.

The NIS Committee and its working subcommittees are continually re-examining the NIS requirements to ensure that they are a) still required, b) reflecting community-wide needs, and c) within the existing capabilities of the contributing agencies. The main requirements of the NIS, comprising Chapters I through IX, are most certainly sound and necessary to the proper development of world-wide basic intelligence. However, the additional detail contained in most of the NIS Supplements could be reduced or eliminated without jeopardizing the fundamental mission. As previously noted, work has stopped on three Supplements and a proposal is under consideration to cease production on a fourth.

An additional requirement relating to International Communism has more recently been levied on the NIS as the result of community-wide needs formalized by agreement between the DCI and the then Special Assistant for Intelligence, State. This requirement is being produced for the NIS by State under two headings: Supplement VI on Communism of 26 selected areas; and NIS 108, International Communism, treating of international front groups. OBI has only recently received State-prepared contributions. The results of our review indicate severe gaps and deficiencies in the product. Supplements VI (Communism) show up somewhat better than do the contributions on NIS 108 (International Communism). In neither instance, however, is there yet indication of sufficient competence in State to do an adequate job.

4. Conclusions.

The fiscal reduction to be realized by the several methods outlined above can only be generally approximated because of the variety of budgetary support involved in the NIS program. There is also no assurance that the Defense Agencies would necessarily cut back their staffs if the NIS production were reduced. Further, the reduction of NIS production would not result in proportionate reduction of total costs, because of fixed overhead, administrative, and service costs. With these qualifications it is estimated that:

a) Method I reduction would result in approximate proportionate reduction in the NIS budget. For example, should the annual production rate be reduced from eight equivalent NIS (500 sections) to six equivalent NIS (375 sections) the budgetary reduction would be in the order of 25%.

b) Method II reduction by itself would not have too much effect upon the NIS budget except for some reduction in State's area staffs concerned. CIA components would not be materially affected.

c) Method III reduction of the budget would be directly related to the particular requirements that were eliminated. The stoppage of production on Supplement V (Petroleum) would still require a limited research base for the related petroleum coverage in Section 62 (Fuels and Power) and heavier section production on the eight or nine important petroleum producing countries of the world. The saving is expected to be about \$12,000. The elimination of Supplement VI (Communism) and NIS 108 (International Communism) would require somewhat strengthened treatment in the related Political sections, particularly Section 57 (Subversion). It is estimated that this could be done at a net saving of approximately \$200,000, and without the loss of essential NIS intelligence.

In examining the possible budgetary reductions in the NIS program, it is therefore concluded that the order of priority be:

- a) Elimination of requirement of Supplement V (Petroleum);
- b) Elimination of requirement for Supplement VI (Communism) and NIS 108 (International Communism);
- c) Across-the-board reduction in the annual rate of NIS production to the extent of budgetary necessity.



Assistant Director
Basic Intelligence

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